

INDUSTRY CIRCULAR

OFFICE OF THE COMMISSIONER OF INTERNAL REVENUE
ALCOHOL AND TOBACCO TAX DIVISION



WASHINGTON 25, D. C.

Industry Circular No. 61-27

June 20, 1961

PROPOSED REGULATIONS CONCERNING THE MANUFACTURE OF TOBACCO PRODUCTS AND CIGARETTE PAPERS AND TUBES

Manufacturers of tobacco products
and cigarette papers and tubes:

Purpose. This industry circular is to call your attention to notices of proposed rule making with respect to regulations in 26 CFR Part 270, entitled "Manufacture of Tobacco Products," and in 26 CFR Part 285, entitled "Manufacture of Cigarette Papers and Tubes," published in the Federal Register on June 7, 1961 (26 F. R. 5046 and 5071).

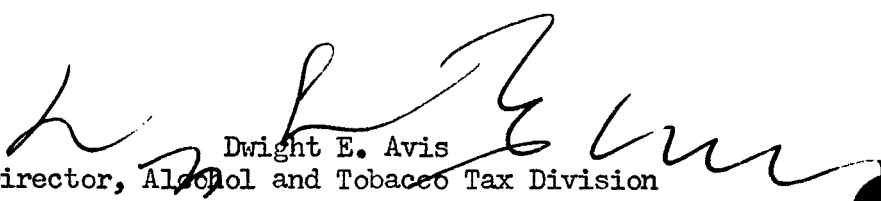
Background. As enacted by Congress, the Excise Tax Technical Changes Act of 1958 (Public Law 85-859, 72 Stat. 1275) contemplated the eventual elimination from regulatory provisions of the requirement for separate qualification and factory premises for the production of cigars and cigarettes apart from those for the production of manufactured tobacco. Since the enactment of that bill, studies have been made and means developed whereby this change and certain other improvements are proposed to be effected. Provisions relating to the importation of tobacco products and cigarette papers and tubes (as well as tobacco materials) are being prescribed in a new Part 275, also published as a notice of proposed rule making on June 7, 1961.

Effect of Proposed Regulations. The proposed regulations in Part 270 would institute the tobacco products factory concept and eliminate the requirements for separate premises, permits, bonds, records, reports, inventories, and tax returns, by abolishing the requirement for separation of manufacturing facilities for the production of manufactured tobacco from those facilities for cigars and cigarettes. The proposed regulations would also make optional the supervision of the disposition of tobacco products withdrawn from the market and the verification of schedules prepared in connection with claims for refund or allowance of tax; would authorize the assistant regional commissioner to waive the filing of a tax return for any period for which tax is not due or payable; would clarify the standards and procedures for removing tobacco products for experimental purposes; would permit the use of an alternate method or procedure in lieu of a method or procedure prescribed, and would permit other businesses within the factory and the filing of a blanket bond by a manufacturer who operates more than one factory in the same region.

The proposed amendments to Part 285 would remove all provisions relating to the importation of cigarette papers and tubes from that part; would prescribe the use of certain forms in connection with claims; and would make conforming, clarifying, and editorial changes in the regulations.

Comments or suggestions. Comments or suggestions may be submitted in writing to the Director, Alcohol and Tobacco Tax Division, Internal Revenue Service, Washington 25, D. C., within 30 days from the date of publication in the Federal Register of the notice of proposed rule making. Any person, submitting such comments or suggestions, may, in a similar manner, request an opportunity for a public hearing. In such case, a notice of the time, place, and date of the public hearing will be published in a later issue of the Federal Register.

Inquiries. Inquiries in regard to this industry circular should refer to its number and be addressed to the office of your assistant regional commissioner (alcohol and tobacco tax).


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